

— September 5, 2002 —



Acquisition

Acquisition of the Army Land Warrior
System
(D-2002-143)

Department of Defense
Office of the Inspector General

Quality

Integrity

Accountability

Report Documentation Page		
Report Date 05 Sep 2002	Report Type N/A	Dates Covered (from... to) -
Title and Subtitle Acquisition: Acquisition of the Army Land Warrior System		Contract Number
		Grant Number
		Program Element Number
Author(s)		Project Number
		Task Number
		Work Unit Number
Performing Organization Name(s) and Address(es) OAIG-AUG(ATTN: AFTS Audit Suggestions) Inspector General Department of Defense 400 Army Navy Drive Arlington, VA 22202-2884		Performing Organization Report Number D-2002-143
Sponsoring/Monitoring Agency Name(s) and Address(es)		Sponsor/Monitor's Acronym(s)
		Sponsor/Monitor's Report Number(s)
Distribution/Availability Statement Approved for public release, distribution unlimited		
Supplementary Notes		
Abstract		
Subject Terms		
Report Classification unclassified		Classification of this page unclassified
Classification of Abstract unclassified		Limitation of Abstract UU
Number of Pages 51		

Additional Copies

To obtain additional copies of this audit report, visit the Web site of the Inspector General of the Department of Defense at www.dodig.osd.mil/audit/reports or contact the Secondary Reports Distribution Unit of the Audit Followup and Technical Support Directorate at (703) 604-8937 (DSN 664-8937) or fax (703) 604-8932.

Suggestions for Future Audits

To suggest ideas for or to request future audits, contact the Audit Followup and Technical Support Directorate at (703) 604-8940 (DSN 664-8940) or fax (703) 604-8932. Ideas and requests can also be mailed to:

OAIG-AUD (ATTN: AFTS Audit Suggestions)
Inspector General of the Department of Defense
400 Army Navy Drive (Room 801)
Arlington, VA 22202-4704

Defense Hotline

To report fraud, waste, or abuse, contact the Defense Hotline by calling (800) 424-9098; by sending an electronic message to Hotline@dodig.osd.mil; or by writing to the Defense Hotline, The Pentagon, Washington, DC 20301-1900. The identity of each writer and caller is fully protected.

Acronyms

DCMA	Defense Contract Management Agency
DOORS	Dynamic Object-Oriented Requirements System
TRADOC	Training and Doctrine Command



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

September 5, 2002

MEMORANDUM FOR AUDITOR GENERAL, DEPARTMENT OF THE ARMY
DIRECTOR, DEFENSE CONTRACT MANAGEMENT
AGENCY

SUBJECT: Report on the Acquisition of the Army Land Warrior System
(Report No. D-2002-143)

We are providing this report for information and use. We considered management comments on a draft of this report in preparing the final report.

Comments on the draft of this report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore, no additional comments are required.

We appreciate the courtesies extended to the audit staff. Questions should be directed to Mr. John E. Meling at (703) 604-9091 (DSN 664-9091) (jmeling@dodig.osd.mil) or Mr. Harold C. James at (703) 604-8983 (DSN 664-8983) (hjames@dodig.osd.mil). See Appendix D for the report distribution. The team members are listed inside the back cover.

David K. Steensma
cc: David K. Steensma
Deputy Assistant Inspector General
for Auditing

Office of the Inspector General of the Department of Defense

Report No. D-2002-143
(Project No. D2001AE-0145)

September 5, 2002

Acquisition of the Army Land Warrior System

Executive Summary

Who Should Read This Report and Why? This report concerns those managers who are specifically involved in the management, support, and oversight of DoD acquisition programs.

Background. The Land Warrior System is a first generation integrated fighting system for dismounted combat soldiers. The Land Warrior System is intended to enhance the lethality, command and control, survivability, mobility, and sustainability of individual soldiers and infantry units and is intended to be fully interoperable with the digital command and control of other platforms. The Land Warrior System's capabilities contribute to the Joint Vision 2010 operational concept of situational awareness and dominant maneuvering by dismounted forces. Funding for the Land Warrior System is \$497.3 million for research, development, test and evaluation and \$1,940.4 million for procurement. The Under Secretary of Defense for Acquisition, Technology, and Logistics (the Under Secretary), the acquisition milestone authority, designated the Land Warrior System as an acquisition category I program on May 29, 2002, because the Land Warrior Program meets the requirements for an acquisition category I program based on estimated research, development, test, and evaluation costs.

Results. The Program Manager for the Land Warrior System (the program manager) effectively implemented an evolutionary acquisition strategy to develop and produce the Land Warrior System in three sequential blocks to reduce technical risk and to expedite fielding the Land Warrior's capabilities. In executing the evolutionary acquisition strategy, the following areas require additional management attention:

- The Army had not finalized system requirements in the operational requirements document because the Training and Doctrine Command (TRADOC) System Manager-Soldier was still defining the force structure requirement for the Land Warrior System to accommodate the Army's ongoing transformation to the Objective Force capability. Also, the Army had not fully defined the mix of Land Warrior components that it will provide to soldiers receiving the system. Additionally, the Army Training and Doctrine Command released a draft operational requirements document for coordination that did not identify reliability as a critical performance parameter for the Block II system. Until the Army completes ongoing efforts to fully define force structure requirements for the Land Warrior System, it will be less able to make informed affordability decisions and to support future budget submissions for the program. Also, the Army may develop and approve a system for production that does not fully meet user requirements (finding A).

- The program manager did not insert a suggested provision for performance metrics in the other transactions agreement with the Land Warrior Consortium to measure the benefits of implementing the other transactions agreement. As a result, the program manager will be less able to provide the acquisition community with measurable information on the value of using an other transactions agreement for acquisition programs (finding B).
- The delegation agreement between the Agreements Officer for the program office and the Defense Contract Management Agency, Syracuse, provided limited and vaguely defined requirements for administration support. As a result, the program manager may not obtain timely and meaningful information on Consortium performance against cost, schedule, and performance requirements (finding C).
- The program manager had not implemented specified processes, documentation, and reporting requirements in the risk management plan. As a result, the program manager and the Consortium members were not using the risk management plan to promote continuous risk assessment and to timely and effectively inform acquisition decision makers on program risk and risk mitigation (finding D).

Management Comments. In response to the draft report, the Commander, Army Training and Doctrine Command stated that the draft operational requirements document was revised to identify reliability as a critical performance parameter for contractor-furnished equipment for Block II of the Land Warrior System. The program manager agreed to provide a lessons-learned report to the Army acquisition community based on his experience using an other transactions agreement. Also, the program manager and the Director, Defense Contract Management Agency stated that they would revise the June 2001 administration delegation to better define administration support to the program office. Further, the Director, Defense Contract Management Agency stated that his agency would establish delegation agreements or quality assurance letters of instruction, as needed, for agency offices located near facilities of contractors in the Land Warrior Consortium. Finally, the program manager stated that he would establish a schedule and document minutes of the risk management board meetings, include risk management elements in a database, and provide program staff with risk management training. The Director, Operational Test and Evaluation provided unsolicited comments, stating that the Commander, Army Training and Doctrine Command should establish a total system reliability requirement, including both contractor-furnished and Government-furnished equipment. Because Army and Defense Contract Management Agency comments were responsive to the draft report recommendations, no additional comments are required.

Table of Contents

Executive Summary	i
--------------------------	---

Introduction

Background Objectives	1 3
--------------------------	--------

Findings

A. Force Structure and Operational Requirements	4
B. Performance Metrics for Other Transactions Agreement	10
C. Maximizing Use of Defense Contract Management Agency Resources	14
D. Risk Management Plan	20

Appendices

A. Scope and Methodology	25
Scope	25
Methodology	25
Management Control Program Review	26
Prior Coverage	26
B. Versions of Land Warrior System and Associated Equipment	27
C. Audit Responses to Management Comments Concerning the Report	29
D. Report Distribution	33

Management Comments

Department of the Army	35
Director, Operational Test and Evaluation	41
Defense Contract Management Agency	42

Background

The Land Warrior System is a first generation, integrated fighting system for dismounted combat soldiers. The Land Warrior System is intended to enhance the lethality, command and control, survivability, mobility, and sustainability of individual soldiers and infantry units and is intended to be fully interoperable with the digital command and control of other platforms. The Land Warrior System's capabilities contribute to the Joint Vision 2010 operational concept of situational awareness and dominant maneuver by dismounted forces. The Land Warrior System has five subsystems:

- Computer and radio. Includes a computer, soldier radio, leader radio, and a Global Positioning System;
- Software;
- Helmet. Includes a helmet mounted display, a night vision intensifier, a helmet overlay assembly, and a helmet integrated assembly;
- Weapon. Includes the M4 and M249 rifles, a thermal weapon sight, close combat optic, an infrared aiming light, and a multi-function laser; and
- Protective clothing and individual equipment. Includes body armor; nuclear, biological, chemical protective clothing; and load bearing equipment.

The Army initiated the Land Warrior Program in August 1994, when the Commander, Aviation and Troop Command, approved the program for entry into the engineering and manufacturing development phase of the acquisition process. After competing the source-selection process, the Program Manager for the Land Warrior (the program manager) awarded an engineering and manufacturing development contract to Hughes Aircraft Company (now Raytheon Systems Corporation). Initially, the Land Warrior Program was scheduled to begin operational testing in the third quarter of FY 1998. Because of hardware problems encountered during developmental testing in April 1998, the program manager halted further system development pending an overall program review. Based on the results of the program review performed during FY 1999, the program manager:

- transferred responsibility for the system integration function from the prime contractor to the program manager, and
- reduced development by:
 - halting contractor development of the Land Warrior-unique load carrying equipment and body armor and using Government-off-the-shelf equipment instead, and
 - increasing reliance on contractor-off-the-shelf electronics technology.

To implement the program changes, the program manager contracted with Exponent, Incorporated, to develop a prototype system. Based on an evaluation of the initial prototyping efforts, the program manager asked Exponent to deliver 70 prototype systems for further demonstrations. As a result of the prototype system's promising performance during warfighting exercises, the program manager established an other transactions agreement¹ with a consortium of six contractors (the Consortium), including Exponent, Incorporated (a nontraditional defense company²); Computer Sciences Corporation; Omega Training Group, Incorporated; Pacific Consultants LLC; PEMSTAR, Incorporated; and the Wexford Group, International. The other transactions agreement required the Consortium to perform a coordinated development program for the design, development, integration, fabrication, test, delivery, and support of the Land Warrior version 1.0 system during the engineering and manufacturing phase of the acquisition process. The other transactions agreement was firm-fixed-price, using payable milestones, for a performance period of 2 years (fiscal years 2001 through 2003).

To reduce technical risk and to expedite fielding the Land Warrior's capabilities, the program manager effectively planned an evolutionary acquisition strategy to develop and produce the Land Warrior System in three sequential blocks. The Block I development and production effort will provide Army units with a Land Warrior System that meets the threshold performance requirements in the draft operational requirements document, dated October 31, 2001. Block II and Block III are upgrades that will meet the time-phased objective performance requirements in the draft operational requirements document.

Funding for the Land Warrior System is \$497.3 million for research, development, test and evaluation and \$1,940.4 million for procurement. The Under Secretary of Defense for Acquisition, Technology, and Logistics (the Under Secretary), the milestone decision authority, designated the Land Warrior Systems as an acquisition category I program on May 29, 2002, because the Land Warrior Program meets the requirements for an acquisition category I program based on estimated research, development, test and evaluation costs.

¹Other transactions agreements are instruments other than contracts, grants, and cooperative agreements used to stimulate, support or carry out research or prototype projects. Those agreements are not required to comply with statutes and regulations applicable to contracts, grants, and cooperative agreements, such as Cost Accounting Standards, the Truth in Negotiations Act, and technical data rights.

²A nontraditional defense contractor is a business unit that has not, for a period of at least 1 year prior to the date of the other transactions agreement, entered into or performed on (1) any procurement contract that is subject to full coverage under the cost accounting standards prescribed pursuant to section 26 of the Office of Federal Procurement Policy Act (41 U.S.C. 422) and the regulations implementing such section; or (2) any other procurement contract in excess of \$500,000 to carry out prototype projects or to perform basic, applied, or advanced research projects for a Federal agency.

Objectives

The primary objective was to evaluate the overall management of the Army Land Warrior System. Because the program was in the engineering and manufacturing development acquisition phase, the audit determined whether management was cost-effectively readying the system for the production phase of the acquisition process. We also evaluated the management control program as it related to the audit objective. Appendix A discusses the results of the review of management controls, prior audit coverage, as well as the scope and methodology of the review.

A. Force Structure and Operational Requirements

The Army had not finalized system requirements in the operational requirements document because the Training and Doctrine Command (TRADOC) System Manager-Soldier was still defining the force structure requirement for the Land Warrior System to accommodate the Army's ongoing transformation to the Objective Force capability. As a result of the uncertainty of the force structure, the program manager had explored many options, ranging from 13,676 systems costing \$3.6 billion to 47,245 systems costing \$7.6 billion. Multiple options were explored because the Army also had not fully defined the mix of components for the Land Warrior System, which will also affect system costs. Further, TRADOC released a draft operational requirements document for the approval of the Army Requirements Oversight Council that did not identify reliability as a critical performance parameter for the Block II system. This condition occurred because the TRADOC System Manager-Soldier did not verify that the released operational requirements document fully complied with Joint Staff criteria for defining system requirements. Until the Army completes ongoing efforts to fully define force structure requirements for the Land Warrior System, it will be less able to make informed affordability decisions and to support future budget submissions for the program. Also, the Army may develop and approve a system for production that does not fully meet user requirements.

Policy for Defining Force Structure and Operational Requirements

Chairman of the Joint Chiefs of Staff Instruction 3170.01B, "Requirements Generation System," April 15, 2001, establishes policies and procedures for developing, reviewing, validating, and approving operational requirements documents. The Instruction requires that the operational requirements document provide early definition of force structure, in terms of number of systems required, and also define the operational performance requirements for a proposed weapon system. The TRADOC, through the System Manager-Soldier, is responsible for developing the initial draft version of the operational requirements document and then coordinating it with the other DoD Components who are responsible for its review and approval.

Defining Force Structure Requirements

Although the April 19, 2002, revision of the draft operational requirements document, dated October 31, 2001, included a table with the total production quantity of Land Warrior systems broken down by organizational type in the program affordability section, the Army had not finalized system requirements in the operational requirements document because the TRADOC System Manager-Soldier was still defining the force structure requirement for the Land Warrior System to accommodate the Army's ongoing transformation to the Objective Force capability. The Army's transformation to the Objective Force capability is a force modernization effort that includes transitioning from the current force to the Interim Force, and then to the Objective Force. The transformation effort will involve significant organizational changes to the Army units that will use the Land Warrior System and to the operational employment and critical tasks for duty positions within those Army units. To determine effective and efficient requirements for overall numbers of Land Warrior systems and the optimal mix of system components, the Army was completing studies and analyses for the Land Warrior System that are based on the expected force structure change.

Number of Systems. Instruction 3170.01B requires that the operational requirements document state the estimated number of systems needed, including spares and those needed for training units. As a result of the uncertainty of the force structure, the Land Warrior Program Office (the program office), working with the TRADOC System Manager-Soldier and the Army Cost and Economic Analysis Center, developed 24 estimates for the number of Land Warrior systems that were needed, based on distribution of the system to different types of combat personnel. Examples of the internally generated alternative distribution estimates that the program office was considering and their associated estimated life-cycle costs include the following five distribution alternatives:

Land Warrior Distribution	Number of Systems	Estimated Life-Cycle Cost (millions)
All squad members	47,245	\$7,609
Half of the riflemen	43,645	7,207
No riflemen	39,325	6,714
Squad and team leaders and above	18,053	4,227
Squad leaders and above	13,679	3,600

As the examples show, the projected life-cycle costs varied from \$7.6 billion, for providing some version of the Land Warrior Systems to all members of

designated squadrons of the active component units, to \$3.6 billion, for providing the Land Warrior System to squad leaders and above. Staff in the Office of the TRADOC System Manager-Soldier stated that the final force structure number would mostly likely be in the higher range of estimates. The Army may further adjust the numbers of required Land Warrior systems based on the results of the Land Warrior analysis of alternatives that TRADOC System Manager-Soldier plans to prepare to support the scheduled October or November 2003 production decision. The analysis of alternatives will examine the cost and effectiveness of various distributions of Land Warrior systems. The analysis of alternatives will also assess alternatives to the Land Warrior System, including a baseline force containing year 2005 infantry systems, and any foreign system that meets the requirements in the operational requirements document. The TRADOC System Manager-Soldier delayed starting the analysis of alternatives for 7 months (from August 2001 to March 2002) because he had not received a tasking memorandum. However, the analysis of alternatives integrated process team has met several times to refine the scope of work and integrate approved documentation.

Mix of Components. The Army was also working to determine the mix of components for the Land Warrior System that it will provide to soldiers at various ranks and positions. Like the total number of systems, the mix of components that the Army provides to soldiers will have a significant effect on program cost. While every soldier requiring the Land Warrior should receive the basic system capability, certain positions will require additional system equipment. To accommodate the varying requirements, the Army is developing the Land Warrior System in two versions: the Soldier and the Leader as described below:

Soldier. The Soldier version is the basic Land Warrior System and includes the five subsystems of computer and radio, software, integrated helmet assembly, weapons, and protective clothing and individual equipment. The Soldier radio provides intra-squad voice and data communications over a limited distance.

Leader. The Leader version is the Soldier version with a handheld, flat panel display and keyboard and the multi-band, inter- and intra-team radio. Squad leaders can use the handheld, flat panel display and keyboard to obtain the information on the helmet-mounted display of the integrated helmet assembly. The radio transceiver is portable and battery operated, capable of providing both secure and nonsecure voice and data communications from the small unit squad leader to the company commander. The radio also has extended range communications for certain mission areas such as the medic or forward observer.

Because the Land Warrior is a modular system, the Army is able to vary components within the two basic versions. For example, a soldier may get a medium thermal weapon sight rather than a light thermal weapon sight on a

weapon depending on the soldier's mission or tasks. Appendix B provides further details on the components included in the two basic versions of the Land Warrior System.

In July 2001, the TRADOC System Manager-Soldier prepared a Basis of Issue Plan - Task Analysis for duty positions within an 82nd Airborne battalion to assist in the most efficient and cost-effective distribution of the two versions of the Land Warrior System and variants within each version. Based on the operational employment and critical tasks for each duty position, the task analysis determined whether the duty position required the Land Warrior System, and if so, the task analysis recommended the mix of components. While there may be common aspects between an 82nd Airborne battalion and other types of battalions, such as the Rangers, the Interim Brigade Combat Teams, and the Mechanized units, the Army planned to expand the task analysis to consider Land Warrior System requirements for duty positions in other Army organizational units to ensure the most efficient and cost-effective distribution of the Land Warrior capabilities for the complete force structure.

The program manager provided estimated unit costs for system hardware of \$17.8 thousand for the Soldier version and \$20.2 thousand for the Leader version.

Preparing the Operational Requirements Document

In October 2001, TRADOC, through the System Manager-Soldier, prepared the draft operational requirements document. However, the draft document did not identify reliability as a critical performance parameter for contractor-furnished equipment for Block II. Instruction 3170.01B requires DoD Components to include mission-critical system requirements as key performance parameters in operational requirements documents. Program managers must meet key performance parameters before milestone decision points or the milestone decision authority may not approve the program for entry into the next phase of the acquisition process. While the draft operational requirements document established reliability for contractor-furnished equipment, in terms of probability of mission-ending failure, as a key performance parameter for Block I of the Land Warrior System, the document indicated that reliability for contractor-furnished equipment was a noncritical requirement for Block II. In April 2002, the TRADOC System Manager-Soldier removed the reliability requirement for contractor-furnished equipment, from the October 2001 draft operational requirements document.

The reliability of contractor-furnished equipment must remain a key performance parameter as the program manager develops the evolutionary program blocks. As defined in the draft operational requirements document, the Block II Land Warrior System will significantly upgrade system capabilities, including increasing communication and situational awareness, decreasing system weight, and improving system power source. Those system upgrades

will involve upgrading contractor-furnished equipment. Accordingly, TRADOC should continue to include reliability of contractor-furnished equipment as a key performance parameter for Block II so that the Army acquisition decision makers will continue to emphasize reliability as the Land Warrior System evolves.

Conclusion

Until the Army fully defines force structure requirements for the Land Warrior System, it will be less able to make informed affordability decisions and to support future budget submissions for the program. The Army will have difficulty prioritizing expenditures for the Land Warrior System until it completes ongoing efforts to fully define the required quantity and component mix for the Land Warrior System. Additionally, until TRADOC modifies the draft operational requirements document to comply with Instruction 3170.01B, the Army may develop and approve a system for production that does not fully meet user requirements.

Management Comments on the Finding and Audit Response

Summaries of management comments on the finding and audit response are in Appendix C.

Recommendation, Management Comments, and Audit Response

A. We recommend that the Commander, Army Training and Doctrine Command revise the draft operational requirements document for the Land Warrior System to identify reliability as a critical performance parameter for contractor-furnished equipment for Block II.

Department of the Army Comments. The Deputy for Systems Management and Horizontal Technology Integration, Office of the Assistant Secretary of the Army (Acquisition, Logistics and Technology), responding for the Commander, TRADOC, concurred, stating that the draft operational requirements document for the Land Warrior System was revised to identify reliability as a critical performance parameter for contractor-furnished equipment for Block II.

Deputy Director, Operational Test and Evaluation Comments. Although not required to comment, the Deputy Director, Operational Test and Evaluation stated that the TRADOC System Manager should establish a total system reliability operational requirement that includes both contractor-furnished and government-furnished equipment integrated into an overall system.

Audit Response. The comments from the Deputy for Systems Management and Horizontal Technology Integration were responsive to our recommendation. We agree with the Deputy Director, Operational Test and Evaluation that a total system reliability operational requirement, including both contractor-furnished and Government-furnished equipment integrated into an overall system, would further emphasize overall reliability requirements of the Land Warrior System during operational testing.

B. Performance Metrics for Other Transactions Agreement

The program manager should have inserted a provision for performance metrics in the other transactions agreement with the Consortium to measure the benefits of implementing the other transactions agreement even though it was not a requirement. This condition occurred because the program manager and the Consortium did not implement procedures for performance metrics that the Under Secretary of Defense for Acquisition, Technology, and Logistics suggested in the “Other Transactions Guide for Prototype Projects,” January 2001. As a result, the program manager will be less able to provide the acquisition community with measurable information on the value of using an other transactions agreement for acquisition programs in the system development and demonstration phase.

Requirements for Other Transactions Agreements

The authority for using other transactions agreements gives DoD the opportunity to involve nontraditional DoD contractors in the acquisition process by allowing DoD to negotiate terms and conditions more customary with commercial practices without regard for provisions in the Federal Acquisition Regulation. DoD use of other transactions agreements is governed through statutory requirements and DoD policy and guidance.

Statutory Requirements. Section 2371, title 10, United States Code, “Other Transactions,” authorizes DoD to carry out basic, applied, and advanced research projects using “transactions other than contracts, cooperative agreements, and grants.” Within DoD, the transactions are known as “other transactions,” and the DoD administers the transactions through “other transactions agreements.” In 1994, section 845 of the DoD Authorization Act, Public Law 103-160, under the authority of section 2371, permitted the Defense Advanced Research Projects Agency to use other transactions agreements to include prototype projects for weapons systems that DoD Components propose to acquire. Section 804 of the National Defense Authorization Act for FY 1997, Public Law 104-201, extended the other transactions authority to the Secretaries of the Military Departments and any other official that the Secretary of Defense designates. The Secretary of Defense delegated authority and assigned responsibility for using other transactions to the Under Secretary of Defense for Acquisition, Technology, and Logistics (the Under Secretary).

DoD Policy and Guidance. In the memorandum “10 U.S. Code 2371, Section 845, Authority to Carry Out Certain Prototype Projects,” December 14, 1996, the Under Secretary required that DoD Components document the reasons for using an other transactions and address the benefits expected from using an other transactions agreement rather than a contract. To help DoD Components

implement the other transactions authority, the Under Secretary issued the “Other Transactions Guide for Prototype Projects,” January 2001 (the Guide). The Guide provides a framework for other transactions agreements that DoD Components should consider, and apply as appropriate, when using other transactions authority for prototype projects. The Guide also specifies mandatory requirements related to other transactions.

Performance Metrics

On June 15, 2001, the Army signed the Agreement for the Engineering and Manufacturing of Land Warrior Version 1.0 Prototype Systems (the Agreement) between the Land Warrior V1.0 Consortium and the United States of America. In the Agreement, the program manager appropriately considered other transactions guidance, but he did not insert a provision for performance metrics necessary to measure the benefits of implementing the Agreement. The Guide in Section C2.2., “Metrics,” states that Government and contractor teams working under other transactions agreements are encouraged to track metrics that measure the value or benefits directly attributable to the use of the other transactions authority. Ideally, those metrics should measure the expected cost, schedule, performance, and supportability benefits.

The program office contracting officials stated that because they had only recently issued the agreement (June 2001), they had yet to fully consider implementing metrics to measure the benefits of using the Agreement. The program was pioneering the use of an other transactions agreement for engineering and manufacturing development for a large complex program. The use of metrics would demonstrate the benefit of using other transactions agreements for other DoD acquisition programs in the system development and demonstration phase of the acquisition process. Specifically, the program office metrics could measure the cost, schedule, performance, and supportability benefits that result from using an other transactions agreement.

Need for Additional Agreement Provisions

The Land Warrior Program and the DoD acquisition community would benefit significantly from adding performance metrics to the other transactions agreement to measure the benefits of using other transactions agreements for acquisition programs. Without a metrics provision, the program manager will be less able to provide the acquisition community with measurable information on the value of using other transactions agreements for acquisition programs in the system development and demonstration phase of the acquisition process.

Management Comments on the Finding and Audit Response

Summaries of management comments on the finding and audit response are in Appendix C.

Recommendation, Management Comment, and Audit Response

B. We recommend that the Program Manager for the Land Warrior System, in conjunction with the Agreements Officer, Acquisition Center, Army Communications-Electronics Command, modify the “Agreement for the Engineering and Manufacturing of Land Warrior Version 1.0 Prototype Systems Between the Land Warrior V1.0 Consortium and the United States of America,” June 15, 2001, to include provisions for establishing metrics to measure the benefits of using an other transactions agreement, as provided in the “Other Transactions Guide for Prototype Projects,” January 2001.

Department of the Army Comments. The Deputy for Systems Management and Horizontal Technology Integration, Office of the Assistant Secretary of the Army (Acquisition, Logistics and Technology), responding for the Program Manager for the Land Warrior System and the Agreements Officer, Acquisition Center, Army Communications-Electronics Command, partially concurred, stating that the Land Warrior Other Transactions Agreement was in compliance with existing requirements for metrics in the Under Secretary of Defense for Acquisition, Technology, and Logistics “Other Transactions Guide for Prototype Projects,” January 2001. However, the Deputy also stated that the Army recognizes that the Guide encourages the Government team to establish and track any other metrics that measure the value or benefits directly attributed to the use of the other transactions authority, but that there was no mandatory requirement to do so. The Deputy stated that it would be impractical to establish additional metrics at this time because the other transactions agreement for the Land Warrior is coming to an end and will be replaced with a traditional Federal Acquisition Regulation-based procurement contract in February 2003. The Army response dated July 24, 2002, indicated that the other transactions agreement would end within 7 months. As an alternative to the recommended action, the Deputy stated that the Program Manager for the Land Warrior System was collecting information on lessons learned and experience with the use of the other transactions agreement compared to previous experiences with Federal Acquisition Regulation-based contracts. The program manager would roll this information into an after action report for the benefit of the Army acquisition community.

Audit Response. The comments from the Deputy for Systems Management and Horizontal Technology Integration met the intent of our recommendation. We recognize that it may not be practical to establish and collect data against additional metrics relating to the use of other transactions agreements when the

other transactions agreement is nearing an end. The program manager's alternative plan for an after action report of lessons learned in using an other transactions agreement should benefit other Army program managers using those agreements.

C. Maximizing Use of Defense Contract Management Agency Resources

The delegation agreement (Agreement) between the Agreements Officer for the program office and the Defense Contract Management Agency (DCMA), Syracuse, provided limited and vaguely defined requirements for administrative support on the Agreement because:

- the Agreements Officer and DCMA negotiated the Agreement when the Land Warrior System was classified as an acquisition category II program, and
- DCMA Syracuse, the DCMA Agreement Administration Center for other transactions agreements, did not establish delegation agreements with other DCMA offices located near Consortium facilities to provide administration support to the Land Warrior Program.

As a result, the program manager may not obtain timely and meaningful program information from DCMA on Consortium performance against cost, schedule, and performance requirements in the other transactions agreement.

Requirements for Using DCMA Resources

DoD Regulation 5000.2-R, “Mandatory Procedures for Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) Acquisition Programs,” June 10, 2001, and DCMA Directive 1, Contract Management, Section 2.1, “Program Integration,” March 2001, define requirements for program office use of contract administration resources at contractor facilities. The “Other Transactions Guide for Prototype Projects,” January 2001 (the Guide) also addresses program office use of DCMA resources to administer other transactions agreements.

DoD Regulation 5000.2-R requires program managers to make maximum use of contract administration office resources at contractor facilities. The Regulation further requires program managers and DCMA Contract Administration Offices to jointly develop and approve program support plans for contracts on all acquisition category I programs to reach agreement on contract oversight needs and perspectives.

Defense Contract Management Agency Directive 1 describes the procedures, known as program integration, that DCMA uses to provide contract administration support to program managers. The Directive requires DCMA to appoint program integrators to lead program support teams for all acquisition category I and II programs. DoD Instruction 5000.2, “Operation of the Defense

Acquisition Systems,” January 4, 2001, defines acquisition category I programs as major Defense acquisition programs that the Under Secretary of Defense for Acquisition, Technology, and Logistics has designated or programs that are estimated to require an eventual total expenditure for research, development, test and evaluation of more than \$365 million or, for procurement, of more than \$2,190 million in FY 2000 constant dollars. DoD Instruction 5000.2 defines acquisition category II programs as major systems that DoD Component heads estimate to require an eventual total expenditure for research, development, test and evaluation of more than \$140 million or, for procurement, of more than \$660 million in FY 2000 constant dollars.

In addition, the Guide specifies that DCMA, as part of the Government team, is involved in executing other transactions agreements, and states that the program office and DCMA should decide the role of DCMA before implementing and administering other transactions agreements.

Delegation of Agreement Administration

Agreement Number DAAB07-01-9-N001, “Delegation of Agreement Administration,” June 15, 2001, between the Agreements Officer for the program office and DCMA, Syracuse, provided limited requirements for administration support on the Agreement. Specifically, the Agreement specified that DCMA, Syracuse, would perform the following DCMA checklist items:

- payments – provide assistance with Defense Finance and Accounting Service processing of invoices, when requested;
- periodic program in-process review meetings;
- patents;
- foreign access approvals;
- changes – routine administrative changes, additional action to be delegated;
- duty free entry assistance;
- terminations – equitable adjustment decisions in conjunction with the Army Communications-Electronics Command;
- Government property administration;
- quality assurance when requested (case-by-case basis); and
- pre-award and proposal negotiation assistance.

The Agreement did not further elaborate on DCMA responsibilities for supporting the program manager. Defense Contract Management Agency Directive 1 states that the program manager and the DCMA Director must establish an agreement for all acquisition category I and II programs. The Directive further states that the agreement should address the following areas, which Agreement Number DAAB07-01-9-N001 did not include:

- program-specific risks, contractor processes, and technical performance areas of special concern to the program manager;
- program managers' desired outcomes and emphasis areas;
- focus areas for program support team members and linkage to risk areas and desired program outcomes;
- communication processes and procedures between the program office and the DCMA support team;
- schedule and frequency of meetings between the program office and the DCMA support team to plan, review, and discuss performance metrics and program status;
- list of program support team and key program office members, their duties and responsibilities, and telephone numbers; and
- process and funding to address support team travel in support of the program.

Additionally, Agreement Number DAAB07-01-9-N001 did not address the need for DCMA support from multiple DCMA Commanders. Defense Contract Management Agency Directive 1 requires that when a work effort involves multiple prime participants, such as the six companies in the Consortium, the lead DCMA Commander (DCMA, Syracuse, for the Land Warrior Program) is responsible for developing an overarching agreement with the program office and the applicable DCMA Commanders to clarify internal DCMA roles and responsibilities. In addition, the lead DCMA Commander is responsible for collecting and reporting program information, actions, and recommendations for inclusion in the monthly report or other periodic program status reports that DCMA issues to the program manager.

Justification for Limited Support Requirement in the Agreement. The Army and DCMA negotiated Agreement Number DAAB07-01-9-N001 when the Land Warrior System was classified as an acquisition category II program. As of May 2002, the Under Secretary of Defense for Acquisition, Technology, and Logistics was in the process of elevating the Land Warrior Program to an acquisition category I program, based on planned research, development, test, and evaluation costs and production costs. When queried, program office and DCMA staff stated that the Guide was not specific on the role of DCMA in supporting acquisition programs using other transactions agreements. The

program office staff agreed that, when the Land Warrior attains acquisition category I status or enters the production phase of the acquisition process in CY 2003, they would work with DCMA to enhance Agreement Number DAAB07-01-9-N001 to expand DCMA administration support requirements as appropriate for an acquisition category I program. Program offices are not authorized to use other transactions agreements in the production phase of the acquisition process; therefore, the program office must use a contract based on the Federal Acquisition Regulation. Defense Contract Management Agency Directive 1 clearly specifies the relationship and responsibilities between program offices and DCMA for contracts based on the Federal Acquisition Regulation.

Need for Delegation Agreements for Program Support. The extent of DCMA support to the Land Warrior Program was also affected because DCMA, Syracuse, did not establish delegation agreements with other DCMA offices located near Consortium facilities to provide other transactions agreement administration support. DCMA assigned the responsibility for supporting the Land Warrior Program to DCMA, Syracuse, because it was a DCMA Agreement Administration Center for other transactions. While DCMA, Syracuse, was able to provide the Land Warrior Program with advice and assistance in setting up the Agreement with the Consortium, DCMA, Syracuse, officials stated that they could not easily perform program support functions because none of the facilities were located near Syracuse. DCMA, Syracuse, officials agreed that it would be appropriate for them to establish letters of delegation when the Land Warrior program enters the production phase of the acquisition process, as provided in DCMA Directive 1, to obtain assistance from DCMA offices located near Consortium facilities. The Directive states that, as a minimum, letters of delegations must define:

- applicable portions of the Agreement;
- program-identified risk and key technical performance areas;
- specific delegated tasks;
- reporting requirements, including format;
- points of contact; and
- procedures for supporting staff travel in support of the program and for reviewing and updating the letter of delegation.

Conclusion

As a result of the limited and vaguely defined Agreement, the program manager may not obtain timely and meaningful program information from DCMA on Consortium performance against cost, schedule, and performance requirements

in the other transactions agreement. When program managers fully use DCMA resources, DCMA can play an integral role in providing program support. DCMA can gather, analyze, and integrate contractor schedule and technical performance information for the program manager and influence successful program completion. The primary output and value of DCMA support to the program manager is in providing early insight, information, analysis, and action to prevent, or identify and resolve, existing and potential program problems throughout the life cycle of the program. By providing continuous risk assessment and risk mitigation, DCMA can increase the likelihood that the program manager will succeed in executing the acquisition program.

Management Comments on the Finding and Audit Response

Summaries of management comments on the finding and audit response are in Appendix C.

Recommendations and Management Comments

C.1. We recommend that the Program Manager for the Land Warrior System and the Director, Defense Contract Management Agency revise Agreement Number DAAB07-01-9-N001, “Delegation of Agreement Administration,” June 15, 2001, to include all administration support areas required in DCMA Directive 1, “Program Integration,” March 2001, once the Under Secretary of Defense for Acquisition, Technology, and Logistics designates the Land Warrior Program as an acquisition category I program or the program enters the production phase of the acquisition process.

Department of the Army Comments. The Deputy for Systems Management and Horizontal Technology Integration, Office of the Assistant Secretary of the Army (Acquisition, Logistics and Technology), responding for the Program Manager for the Land Warrior System, concurred, stating that the Syracuse Office of the Defense Contract Management Agency and the Land Warrior Program Office are revising the June 2001 administration delegation because the Under Secretary of Defense for Acquisition, Technology, and Logistics recently designated the Land Warrior Program as an acquisition category I program.

Director, Defense Contract Management Agency Comments. The Director, Major Program Support, Program Support and Customer Relations, responding for the Director, Defense Contract Management Agency, concurred, stating that the Syracuse Office of the Defense Contract Management Agency is revisiting the administration delegation of June 2001 with the Land Warrior Program Office. While the Director stated that there may be additional support activities that DCMA might provide, he also noted that under the other transactions agreement there are fewer requirements and opportunities for the DCMA to provide program support than under a traditional cost contract for engineering and manufacturing.

Audit Response. The comments of the Deputy for Systems Management and Horizontal Technology Integration and the Director, Major Program Support were responsive to our recommendation. As noted in the Army response, the other transactions agreement is nearing an end and will be replaced with a traditional Federal Acquisition Regulation-based procurement contract in February 2003. Accordingly, the DCMA should consider providing additional support activities for the follow-on procurement contract.

C.2. We recommend that the Director, Defense Contract Management Agency establish delegation agreements with other Defense Contract Management Agency offices located near Consortium facilities to provide administration support, as defined in the revised Delegation of Agreement Administration with the Program Manager for the Army Land Warrior System once the Under Secretary of Defense for Acquisition, Technology, and Logistics designates the Land Warrior Program as an acquisition category I program or the program enters the production phase of the acquisition process.

Director, Defense Contract Management Agency Comments. The Director, Major Program Support, Program Support and Customer Relations, responding for the Director, Defense Contract Management Agency, concurred, stating that as a result of revisiting the administration delegation, there may be supporting activities that would require delegation to other DCMA offices located near Consortium facilities. However, the Director also said that the delegations may or may not take the form of a formal program integrator subdelegation. For instance, he stated that DCMA is currently discussing a quality assurance letter of instruction with the program manager to address the Army's quality assurance requirements.

Department of the Army Comments. Although not required to comment, the Deputy for Systems Management and Horizontal Technology Integration, Office of the Assistant Secretary of the Army (Acquisition, Logistics and Technology), stated that the Defense Contract Management Agency will decide which outlying offices cognizant of the Land Warrior program require delegation and will act accordingly. However, the Deputy, like the Director above, stated that the delegations may or may not take the form of a formal program integrator subdelegation.

D. Risk Management Plan

The program manager did not implement the specified processes, documentation, and reporting requirements in the program risk management plan. Specifically, the program manager did not hold risk management board meetings, initiate the Dynamic Object-Oriented Requirements System³ (DOORS) to establish an up-to-date risk database for assessing risk elements, or provide training to program office and contractor staff on using DOORS to identify and report risk. These conditions occurred because the program manager did not emphasize and enforce implementation of the formalized risk management plan. As a result, the program manager and Consortium members were not using the risk management plan to promote continuous risk assessment and to timely and effectively inform the milestone decision authority, the Cost Analysis Improvement Group, and the Overarching Integrated Product Team of program risk and mitigation efforts.

Risk Management Policy and Guidance

Policy. DoD Instruction 5000.2 and DoD Regulation 5000.2-R provide risk management policy for acquisition programs. Those documents integrate risk management into the acquisition process and describe the relationship between risk and various acquisition functions.

DoD Instruction 5000.2. The Instruction requires that program managers continually assess and understand program risk before milestone decision authorities can authorize a program to proceed into the next phase of the acquisition process. The Instruction defines risk management as an organized method of identifying and measuring risk and developing, selecting, and managing options for handling those risks. The types of risk include schedule, cost, technical feasibility, security, technical obsolescence, and others.

DoD Regulation 5000.2-R. The Regulation requires program managers to address risk management in the program acquisition strategy. The Regulation requires that the program managers identify the risk areas of the program and integrate risk management within the overall program management. In the acquisition strategy, the program manager is to explain how risk management will reduce system risk to acceptable levels at the time of interim progress reviews preceding the development and demonstration, and production and deployment phases of the acquisition process.

³The Dynamic Object-Oriented Requirements System (DOORS) is a commercial database management system. The database contains all the information necessary to satisfy the risk management program documentation, archiving, and reporting requirements.

Guidance. The Defense Acquisition University developed the “Risk Management Guide for DoD Acquisition,” (the Risk Management Guide), February 2001, as a management tool for program managers. The Risk Management Guide provides program managers with a reference book for dealing with acquisition risks. The Risk Management Guide provides a generic risk management plan that program managers can tailor to meet the needs of their programs. While a formal risk management plan is not required, program managers have found such a plan necessary to help them focus properly on assessing and handling program risks.

Implementing the Risk Management Plan

The “Risk Management Plan for the Land Warrior System,” August 10, 2001, established the basic processes, documentation, and reporting requirements for the Land Warrior Program and defined the program office’s responsibilities for implementing the program to support the overall acquisition strategy. However, the program manager had not implemented the specified processes, documentation, and reporting requirements in the risk management plan that were needed to effectively manage risk. Specifically, the program manager did not hold risk management board meetings, initiate the DOORS to establish an up-to-date risk database for assessing risk elements, and provide training to program office and contractor staff on using DOORS to identify and report risk.

Risk Management Board. DoD Instruction 5000.2 requires that program managers continuously assess program risks to accomplish risk assessment, the Risk Management Guide suggests that program offices use an integrated product team approach. The program office implemented the guidance by establishing a seven-member risk management board, chaired by the Director, Technical Management Division. Members from the program office and the Consortium were to support the program manager’s decisionmaking through formal evaluation of risk issues, approval of mitigation efforts, and prioritization among a variety of risk-related efforts. Through March 2002, the risk management board had not met.

Risk Management Database System and Documentation. The Risk Management Guide states that the program manager should have a practical method for risk management reporting and an information system that supports a risk management program. The program manager planned to use the DOORS commercial database management system to provide a risk management information system for the Land Warrior System but the program office staff had not entered the 170 program risk management data elements that it identified in September 2001, into the DOORS.

Risk Management Training. The Risk Management Guide states that a successful management program depends, to a large extent, on the level of risk management training that the program office members and the functional area experts receive. Also, the Risk Management Guide states that risk management

training is necessary to prepare staff for critical tasks, such as risk assessments. The Risk Management Guide further states that DoD schools offer some risk management training; however, program managers need to organize and conduct the principal training for the program office. Through March 2002, the program management office had not provided risk management training to pertinent program office staff and risk management board staff.

Emphasizing Risk Management

The Land Warrior Program's risk management plan was not implemented because the program manager did not give early and sustained emphasis to risk management. Much of the program manager's energy and resources were spent in restructuring the Land Warrior Program and establishing the Consortium. During the audit, the program manager initiated actions to implement the risk management plan. Specifically, in March 2002, the program office staff stated that they were:

- reviewing the list of draft risk issues developed from risk identification;
- assigning risk levels for likelihood and consequence, where needed;
- compiling a consolidated, manageable list of risk issues for review and prioritization by the program office Risk Management Board;
- providing weekly assessments in various program areas to the program manager; and
- incorporating the weekly assessments into the risk management database.

While the above actions will help the program office to implement the risk management plan, the program office also needs to establish and maintain a schedule for periodic meetings of the risk management board. Additionally, the program office must emphasize populating the DOORS database with risk management data elements and updating the risk management data. Further, the program manager needs to provide program office staff involved in risk management with risk management training. The Risk Management Guide states that risk management training should include a three-part framework as follows:

- Provide everyone with a common vision through training on the program acquisition strategy, the companion risk management plan, the program manager's risk management structure and associated responsibilities, and the management information system.

-
- Include training on the following topics:
 - concept of risk,
 - risk planning,
 - risk identification,
 - risk analysis (as applicable),
 - risk handling, and
 - risk monitoring.
 - Provide examples in the training of risk management techniques, concentrating on the techniques that the program manager plans to employ.

Conclusion

Without fully implementing the risk management plan, the program manager and contractors could not use it to promote continuous risk assessment and to timely and effectively inform the milestone decision authority, the Cost Analysis Improvement Group, and the Overarching Integrated Product Team on program risk and risk mitigation. Program managers recognize that risk is inherent in any program, and that it is necessary to analyze future program events to identify potential risks and take measures to handle them. If program managers are to be effective in handling risks, they need to implement a risk management plan early in the acquisition process and continue to monitor risk management as the program progresses through the acquisition process. The alternative to implementing risk management is crisis management, a resource-intensive process that is normally constrained by a restricted set of available options.

Management Comments on the Finding and Audit Response

Summaries of management comments on the finding and audit response are in Appendix C.

Recommendation and Management Comments

D. We recommend that the Program Manager for the Land Warrior:

- 1. Establish and maintain a schedule for periodic meetings of the risk management board.**
- 2. Analyze and update program risk management data elements in the Dynamic Object-Oriented Requirements System on a regular basis.**
- 3. Provide risk management training to program office staff involved in risk management, in accordance with guidance in the “Risk Management Guide for DoD Acquisition,” February 2001.**

Department of the Army Comments. The Deputy for Systems Management and Horizontal Technology Integration, Office of the Assistant Secretary of the Army (Acquisition, Logistics and Technology), responding for the Program Manager for the Land Warrior System concurred, stating that the program manager will establish a schedule and document the minutes of the risk management board meetings. The Deputy also stated that the program manager has directed the inclusion of the risk management data elements into the Dynamic Object-Oriented Requirements System. Finally, the Deputy stated that the program manager is coordinating with the Defense Systems Management College to obtain a risk management-training program that he can provide to all staff for risk management of the Land Warrior Program and all future programs.

Appendix A. Scope and Methodology

Scope

We reviewed documentation dated from September 1993 through April 2002 at the offices of the Program Manager for the Land Warrior System; the TRADOC System Manager-Soldier, the Army Test and Evaluation Center; the Director, Operational Test and Evaluation; the Defense Contract Management Agency; Pacific Consultants, LLC; PEMSTAR, Inc.; and Exponent, Inc. Because the Land Warrior System was in the engineering and manufacturing development phase, the audit concentrated on whether management was cost-effectively readying the system for the production phase of the acquisition process. Consequently, we focused our review on areas of requirements generation, acquisition planning, program assessments and decision reviews, the other transactions agreement, and test and evaluation.

General Accounting Office High-Risk Area. The General Accounting Office has identified several high-risk areas in the DoD. This report provides coverage of the DoD Weapon Systems Acquisition high-risk area.

Methodology

To evaluate whether the Army was effectively managing the acquisition of the Land Warrior System, we examined regulations and guidance, the approved mission need statement, the draft operational requirements documents, test plans and reports, the other transactions agreement, the risk management plan, and the delegation agreement.

Audit Dates and Standards. We performed this audit from July 2001 through May 2002 in accordance with generally accepted government auditing standards.

Use of Computer-Processed Data. We did not use computer-processed data to perform this audit.

Use of Technical Assistance. A technical expert from the Electronics Engineering Branch, Technical Assessment Division of the Audit Followup and Technical Support Directorate, Inspector General of the Department of Defense, assisted in the audit. The Electronics Engineer assisted the audit team by analyzing information received from two of the Consortium contractors.

Contacts During the Audit. We visited or contacted individuals and organizations within the DoD and Defense contractors. Further details are available on request.

Management Control Program Review

DoD Directive 5010.38, "Management Control (MC) Program," August 26, 1996, and DoD Instruction 5010.40, "Management Control (MC) Program Procedures," August 28, 1996, require DoD organizations to implement a comprehensive system of management controls that provide reasonable assurance that programs are operating as intended and to evaluate the adequacy of the controls.

Scope of the Review of the Management Control Program. In accordance with DoD Regulation 5000.2-R, acquisition managers are to use program cost, schedule, and performance parameters as control objectives to implement the requirements of DoD Directive 5010.38. Accordingly, we limited our review to management controls that the Army Acquisition Executive established directly related to requirements generation, acquisition planning, program assessments and decision reviews, the other transactions agreement, and test and evaluation for the Land Warrior System. Because we did not identify a material management control weakness, we did not assess management's self-evaluation.

Adequacy of Management Controls. The Department of the Army had established a management control program as defined by DoD Instruction 5010.40, "Management Control (MC) Program Procedures," August 28, 1996, which relates to the management and oversight of the Land Warrior System. The management controls were adequate in that we identified no material management control weaknesses applicable to the overall audit objectives.

Prior Coverage

During the last 5 years, the General Accounting Office issued one report on the Land Warrior System.

General Accounting Office Report No. NSIAD 00-28, "Battlefield Automation, Army's Restructured Land Warrior Program Needs More Oversight," December 1999.

Appendix B. Versions of Land Warrior System and Associated Equipment

The Land Warrior System will include two basic versions: the Soldier and the Leader. Both versions will include contractor- and Government-furnished equipment. Because the Land Warrior is a modular system, the Army is able to vary components within the two basic versions to give soldiers within Army organizations the most effective and efficient capabilities for their mission. In the following list, solid bullets identify components planned for each version of the Land Warrior System. Open bullets indicate various military occupations that will receive variants of the basic Land Warrior components.

Soldier Version

Contractor-Furnished Equipment

- Soldier control unit
- Computer
- Navigation box (Global Positioning System and Dead Reckoning Module)
- Helmet integrated assembly and helmet mounted display
- Daylight video sight
- Batteries (disposable or rechargeable)
- Body hub and wiring harness

Government-Furnished Equipment

- M4/M16 modular weapon system
- M4/M16 modular weapon system with M203
 - Grenadiers
 - Team leaders
- M249 semiautomatic assault weapon
 - automatic riflemen
 - M249 light machine gunner
- M9 Pistol
 - Medics
- M240B Machine gun
- Light thermal weapon sight
 - Rifle team leader
 - Automatic riflemen
 - Riflemen
- Medium thermal weapon sight
 - M240B gunner

Leader Version

Contractor-Furnished Equipment

- Keyboard
- Hand held display
- Soldier control unit
- Computer
- Navigation box (Global Positioning System and Dead Reckoning Module)
- Helmet integrated assembly and helmet mounted display
- Daylight video sight
- Batteries (disposable or rechargeable)
- Body hub and wiring harness

Government-Furnished Equipment

- Multi-band inter-team and intra-team radio
- Medium thermal weapon sight
 - Scout platoon leader
 - Company commander,
 - Rifle platoon leaders
 - Rifle squad leaders
 - Weapons squad leaders
 - Fire support noncommissioned officer
- Modular weapon system (all leaders below battalion)
 - Modular weapon system/M203 Engineer Squad Leader only
- M9 pistol (Battalion commander and primary staff)
- Multifunction laser (laser range finder and digital compass) – selected personnel
 - Team leaders
 - Squad leaders
 - Rifle platoon leaders
 - Platoon sergeants
 - Forward observers
 - 60mm section leader
 - Company commander
 - Company fire support officer
 - Scout platoon leader
 - Battalion fire support officer

Appendix C. Audit Responses to Management Comments Concerning the Report

Detailed responses to the comments from the Department of the Army and the Director, Defense Contract Management Agency on statements in the draft report follow. The complete text of those comments are in the Management Comments section of this report.

Department of the Army Comments

The Deputy for Systems Management and Horizontal Technology Integration, Office of the Assistant Secretary of the Army (Acquisition, Logistics and Technology) provided comments on the Executive Summary and findings A, B, C, and D.

Executive Summary. The Deputy commented that since the draft report was released, the Defense Acquisition Executive changed the designation of the Land Warrior System from an acquisition category II program to an acquisition category I program. Accordingly, all references to ultimate approval authority should be changed to the Defense Acquisition Executive.

Audit Response. We revised the report to refer to the Land Warrior Program as an acquisition category I program and to state that the Under Secretary of Defense for Acquisition, Technology, and Logistics (the Defense Acquisition Executive) is the acquisition milestone decision authority for the program.

Finding A. The Deputy provided comments on defining Land Warrior fielding quantities. Specifically, he stated that:

- The revised draft operational requirements document, April 30, 2002, defines the Land Warrior System production quantities by Army battalion type. He commented further that the exact number of soldiers who receive Land Warrior systems may change as the feeder data of the basis of issue plan, development testing, and operational testing are completed and operational use information is gathered and analyzed.
- The variance in quantity cited in the draft report resulted from internal staffing and does not represent the Army position or funding uncertainties at the Army level. The 24 quantity estimates capture potential options that represent a useful process that the Project Manager-Soldier and the TRADOC System Manager-Soldier engaged in to help the Army support cost-effective programs.
- The conclusion paragraph incorrectly stated that the Army cannot effectively make informed affordability decisions and prioritize

expenditures for the Land Warrior System until the exact quantity and component mix is defined. With respect to the Land Warrior system, the Deputy stated that the Army was effectively making affordability decisions and prioritizing expenditures based on the currently established basis of issue.

Audit Response. In the April 19, 2002, revision of the draft operational requirements document, the Army defined a total production quantity of 48,801 Land Warrior systems and provided a breakdown by organizational type. Despite the breakdown by organizational type in the operational requirements document, the Army still had not fully defined fielding quantities. As the Deputy stated, the number of Land Warrior systems the Army will need is still subject to change as the Army completes the feeder data of the basis of issue plan and developmental and operational testing, and gathers and analyzes operational use information.

In response to the Deputy's comments, we revised the report to clarify that the draft operational requirements document did include fielding quantities, but that the Army was still fully defining those quantities. Additionally, we revised the report to clarify that the 24 quantity estimates were formulated at the program office level and not at the Army level. Further, we revised the conclusion paragraph to state that, until the Army fully defines force structure requirements for the Land Warrior System, it will be less able (as opposed to not able) to make informed affordability decisions to support future budget submissions for the program.

Finding B. The Deputy commented that it was not appropriate to state that the "...program manager will not be able to provide the acquisition community with measurable information on the value of using other transactions agreements for acquisition programs in the system development and demonstration phase of the acquisition process...." The Deputy further stated that the Department of the Army firmly believes in the benefits of sharing lessons learned and its particular experience in using other transactions agreements with the acquisition community. In that regard, the program manager is collecting information on its lessons learned and experience with the Land Warrior other transactions agreement compared to previous experiences with Federal Acquisition Regulation-based contracts.

Audit Response. We revised the finding to state that without the performance metrics, the program manager will be less able (as opposed to not able) to provide the acquisition community with measurable information on the value of using the other transactions agreement. As discussed in the response to the Deputy's comments on Recommendation B., the Army acquisition community will benefit from the program manager's providing information on lessons learned and experience with the use of the other transactions agreement.

Finding C. The Deputy provided comments suggesting that the support role of DCMA is somewhat reduced under other transactions agreements. Specifically he stated that:

- The goals of other transactions agreements include establishing a closer partnering of the DoD Program Office and the Consortium team to provide greater flexibility for both parties to execute and manage the development of new technology, and streamlining the development process by lessening administrative activity to a minimum. To support those goals, the Land Warrior Program has a formal advisory committee consisting of personnel from the Army Communications-Electronics Command, the program office, and each member of the contractor Consortium to assess program progress and assist in risk management.
- The traditional Delegation of Administration Functions (to DCMA), as required in Federal Acquisition Regulation Part 42, does not apply to other transactions. The buying organization has discretion in delegating administration functions.

The Deputy further commented that personnel at the Army Communications-Electronics Command, the program office, and the Defense Contract Management Agency exercised due diligence in discussing the assignment of additional administrative (business and technical) functions to the Defense Contract Management Agency. He stated that, after thorough review and discussion, those DoD personnel closest to the program and most experienced in the administration of other transactions (the Communications-Electronics Command contracting team and the DCMA, Syracuse, Other Transactions Team) concluded that augmenting the delegation with additional DCMA technical resources would clearly be duplicative and that there were no real opportunities for DCMA to provide additional value to the process. In this regard, he stated that the Program Manager-Soldier Systems team was well staffed, well organized, and thoroughly integrated with the Consortium team.

Audit Response. We recognize that DCMA may have a lesser administrative support role under other transactions agreements. However, the program manager and DCMA must work together to ensure that DCMA administrative support requirements, limited or extensive, are clearly defined in support agreements. Additionally, the requirements for DCMA support will increase when the Land Warrior Program enters production in October/November 2003 when the program will use a traditional production contract rather than an other transactions agreement. At that time, the program manager and DCMA will have to reassess and redefine DCMA support requirements for the Land Warrior Program.

Finding D. The Deputy stated that the program manager developed a risk management plan, identified risk areas, and conducted monthly reviews with the program team members (both Government and Consortium). He explained that the monthly reviews included presentation of risk areas and the management and

mitigation of those risk areas. Further, he stated that the program manager had complete knowledge of all identified risk areas and their associated risk mitigation efforts.

Audit Response. Although the program manager may have held program reviews with program office and contractor staff that included discussion of risk, the risk-related discussions were not documented. In his comments to Recommendation D., the Deputy indicated that the program manager will schedule and document meeting minutes of the risk management board. The documentation of risk management board meetings will increase knowledge among all the program team members of identified risk areas and risk mitigation efforts.

Director, Defense Contract Management Agency Comments

The DCMA Director, Major Program Support, Program Support and Customer Relations, provided comments to Finding C. similar to those of the Army, suggesting that the support role of DCMA is somewhat reduced under other transactions agreements. Additionally, the Director provided examples of support functions that DCMA does not provide under other transactions agreements, including no formal quality acceptance procedures for deliverables. Additionally, he stated that the other transactions agreement for the Land Warrior Program includes a fixed-price milestone arrangement with no cost reporting, cost tracking, or progress payments.

Audit Response. We recognize that DCMA may have a lesser administrative support role under other transactions agreements. However, the requirements for DCMA support will increase when the Land Warrior Program enters production in October or November 2003 when the program will use a traditional production contract rather than an other transactions agreement. At that time, the program manager and DCMA will have to reassess and redefine DCMA support requirements for the Land Warrior Program.

Appendix D. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition, Technology, and Logistics
Director, Strategic and Tactical Systems

Under Secretary of Defense (Comptroller)/Chief Financial Officer
Deputy Chief Financial Officer
Deputy Comptroller (Program/Budget)

Director, Operational Test and Evaluation

Joint Staff

Director, Joint Staff

Department of the Army

Assistant Secretary of the Army (Acquisition, Logistics and Technology)
Program Executive Officer, Soldier

Project Manager-Soldier Systems
Commander, Training and Doctrine Command
Training and Doctrine Command System Manager-Soldier
Commander, Test and Evaluation Command
Commander, Acquisition Center, Army Communications-Electronics Command
Auditor General, Department of the Army

Department of the Navy

Naval Inspector General
Auditor General, Department of the Navy

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Auditor General, Department of the Air Force

Other Defense Organizations

Director, Defense Contract Management Agency
Commander, Defense Contract Management Agency District East
Commander, Defense Contract Management Office, Syracuse, New York
Commander, Defense Contract Management Agency District West

Non-Defense Federal Organization

Office of Management and Budget

Congressional Committees and Subcommittees, Chairman and Ranking Minority Member

Senate Committee on Appropriations

Senate Subcommittee on Defense, Committee on Appropriations

Senate Committee on Armed Services

Senate Committee on Governmental Affairs

House Committee on Appropriations

House Subcommittee on Defense, Committee on Appropriations

House Committee on Armed Services

House Committee on Government Reform

House Subcommittee on Government Efficiency, Financial Management, and Intergovernmental Relations, Committee on Government Reform

House Subcommittee on National Security, Veterans Affairs, and International Relations, Committee on Government Reform

House Subcommittee on Technology and Procurement Policy, Committee on Government Reform

Department of the Army Comments

 <p>DEPARTMENT OF THE ARMY OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY ACQUISITION LOGISTICS AND TECHNOLOGY 103 ARMY PENTAGON WASHINGTON DC 2031-0103</p> <p>REPLY TO ATTENTION OF</p> <p>MEMORANDUM FOR DEPUTY DIRECTOR ACQUISITION MANAGEMENT DIRECTORATE, OFFICE OF THE ASSISTANT INSPECTOR GENERAL FOR AUDITING, OFFICE OF THE INSPECTOR GENERAL FOR DEPARTMENT OF DEFENSE</p> <p>SUBJECT: Review of DOD Inspector General Draft Report, D2001AE-0145, "Acquisition of the Army Land Warrior System," dated May 24, 2002</p> <p>The purpose of this document is to provide the Department of the Army's comments and statement of actions to be taken in response to the findings and recommendations in the Department of Defense Office of the Inspector General Draft Report, "Acquisition of the Army Land Warrior System," dated May 24, 2002, (Project Number D2001AE-0145). Detailed comments on findings can be found in Tab A.</p> <p>1) Recommendation A: The Commander, Army Training and Doctrine Command revise the draft operational requirements document for the Land Warrior System to identify reliability as a critical performance parameter for contractor-furnished equipment in Block II.</p> <p>Army Position: CONCUR. TRADOC revised the Land Warrior operational requirements document on 30 April 2002 to incorporate reliability requirements for contractor furnished equipment for Block II as directed by the Army G4 during Army staffing. This revised document was presented to the Army Requirement Oversight Council (AROC) on 1 May 2002.</p> <p>2) Recommendation B: The Program Manager for the Land Warrior System, in conjunction with the Agreements Officer, Acquisition Center, Army Communications-Electronic Command, modify the "Agreement for the Engineering and Manufacturing of Land Warrior Version 1.0 Prototype Systems Between the Land Warrior V1.0 Consortium and the United States of America," June 15, 2001, to include provisions for establishing metrics to measure the benefits of using an other transaction agreement, as provided in the "Other Transaction Guide for Prototype Projects," January 2001.</p> <p>Army Position: PARTIALLY CONCUR. The Land Warrior Other Transaction Agreement does comply with existing requirements for metrics, as outlined in the Under Secretary of Defense for Acquisition, Technology and Logistics "Other Transactions Guide for Prototype Projects, dated January 2001. The guide states that metrics are collected in two ways on other transaction agreements</p> <p>Printed on  Recycled Paper</p>	
--	---

through the use of (1) the DD 2759 data collection form and (2) the statutorily required report to Congress.

While the Department of the Army recognizes that the guide encourages the Government team to establish and track any other metrics that measure the value or benefits directly attributed to the use of the other transaction authority, there is no mandatory requirement to do so. Furthermore, the other transaction agreement for Land Warrior is coming to an end and will be replaced with a traditional Federal Acquisition Regulation-based procurement contract within seven months. To modify the other transaction agreement at this time to establish additional metrics would not be practical. The Project Manager does, however, recognize that the acquisition community can benefit from lessons learned and experience with the use of the other transaction agreement compared to previous experiences with Federal Acquisition Regulation-based contracts, both from the perspective of the Government and the Land Warrior Consortium. The Project Manager is collecting this information and it will be rolled into an after action report. This report will be published and made available to the Department of the Army acquisition community following the conclusion of the other transaction agreement.

3) Recommendation C.1: The Program Manager for the Land Warrior System and the Director, Defense Contract Management Agency revise the Agreement Number DAAB07-01-9-N001, "Delegation of Agreement Administration," June 15, 2001, to include all administration support areas required in DCMA Directive 1, "Program Integration," March 2001, once the Under Secretary of Defense for Acquisition, Technology, and Logistics designates the Land Warrior Program as an Acquisition Category I program or the program enters the production phase of the acquisition process.

Army Position: CONCUR. The Land Warrior Program was recently designated an Acquisition Category I program by the Under Secretary of Defense for Acquisition, Technology, and Logistics. As a result, DCMA Syracuse, with the Program Office at Ft. Belvoir (PM-Soldier Systems) is revising the June 2001 administration delegation.

4) Recommendation C.2: The Director, Defense Contract Management Agency (DCMA) establish delegation agreements with other Defense Contractor management Agency offices located near Consortium facilities to provide administration with the Program Manager for the Army Land Warrior System once the Under Secretary of Defense for Acquisition, Technology, and Logistics designates the Land Warrior Program as an acquisition category I program or the program enters the production phase of the acquisition process.

Army position: CONCUR. DCMA will decide which outlying offices cognizant of the Land Warrior program require delegation and will act accordingly. This may or may not take the form of a formal Program Integrator sub delegation. For instance, a Quality Assurance Letter of Instruction (QALI) is currently being discussed with the PM to address the Army's quality assurance requirements.

5) Recommendation D. (1) Program Manager for Land Warrior establish and maintain a schedule for periodic meetings of the risk management board. (2) Program Manager for Land Warrior analyze and update program risk management data elements in the Dynamic-Oriented Requirements System on a regular basis. (3) Program Manager for Land Warrior provide risk management training to program office staff involved in risk management, in accordance with guidance in the "Risk Management Guide for DoD Acquisition," February 2001.

Army position: CONCUR. The Program Manager will better formalize the risk management process by establishing a schedule and documenting minutes of the risk management board. The Program Manager has directed the inclusion of the risk management data elements into the Dynamic Object-Oriented Requirements System. The Program Manager is also coordinating with the Defense Systems Management College to obtain a risk management-training program that can be provided to all staff for risk management of this program and all future programs.

A copy of this correspondence was provided to the DoD Inspector General. My point of contact is LTC Neal Justis, 703-604-7151.



CHARLES A. CARTWRIGHT
COL(P), GS
Deputy for Systems Management
and Horizontal Technology Integration

Enclosure

CF:
DoD IG, Attn: Mr. John Meling

Page 5

TAB A
SUBJECT: Review of DOD Inspector General Draft Report, D2001AE-0145, "Acquisition of the Army Land Warrior System", dated May 24, 2002

1. The Army has the following comments regarding the DoD IG's findings.
 - a. Executive Summary. This summary was written when Land Warrior was an Acquisition Category (ACAT II) program. Land Warrior is now an ACAT ID program; therefore all references to ultimate approval authority should be changed to the Defense Acquisition Executive. Additional comments pertaining to points made in the Executive Summary will be addressed later in this document.
 - b. Section A.
 - Discussion within this section alludes that the Land Warrior fielding quantities are not defined in the operational requirements document. Paragraph 8.3 of the 30 April 2002 revised operational requirements document (ORD) (Table 8-2) defines the Land Warrior System production quantities by Army Battalion type. The exact number of soldiers who receive Land Warrior systems may change as the Basis of Issue Plan Feeder Data (BOIPFD), development testing, and operational testing are completed and operational use information is gathered and analyzed.
 - The variance in quantity cited in the Table on page 5 is a result of internal staffing and does not represent Army positions or funding uncertainties at the Army level. The examples capture potential options that represent a useful process that PM Soldier and TRADOC's System Manager Soldier engaged in to help the Army support cost effective programs. This iterative analysis was intended to ensure the end state solution is fully justified. There is nothing wrong "with developing 24 estimates for the number of Land Warrior systems" since this indicates that the PM is exploring multiple options to ensure the proposed solution is justifiable.
 - The conclusion paragraph on page 8 incorrectly states that the Army cannot effectively make informed affordability decisions and prioritize expenditures for the Land Warrior System until the exact quantity and component mix is defined. This statement is not true. With respect to the Land Warrior system, the Army is effectively making affordability decisions and prioritizing expenditures based on the currently established basis of issue. As previously stated, the basis of issue may change as the Army gains operational experience and conducts further analysis.
 - c. Section B. It is not appropriate to state that the "...program manager will not be able to provide the acquisition community with measurable information on the value of using other transaction agreements for acquisition programs in the system development and demonstration phase of the acquisition process.. The Department of the Army firmly believes in the benefits of sharing lessons learned and its particular experience in using other transaction agreements with the acquisition community;

however establishment of additional metrics and modification of the Land Warrior other transaction agreement is neither warranted nor required by the USD(AT&L) Other Transactions Guide for Prototype Projects. The Project Manager is collecting information on its lessons learned and experience with the Land Warrior other transactions agreement compared to previous experiences with Federal Acquisition Regulation- based contracts, both from the Government and Land Warrior Consortium perspective. The Project Manager plans on publishing an After Action Report on the experience following the conclusion of the other transactions agreement.

d. Section C:

- One of the goals supporting the creation of OTA's is a better/closer partnering of the DoD Program Office and the Consortium team, with greater flexibility for both parties to execute and manage the development of new technology. Another goal is streamlining the development process, in part by lessening administrative activity to a minimum. In this case, the Program has a formal advisory committee to assess program progress, assist in risk management, etc, consisting of CECOM contracting personnel, PM personnel and a representative of each member of the consortium.
- Traditional Delegation of Administration Functions, per FAR Part 42, does not apply to Other Transactions. Delegation is solely at the discretion of the buying activity. It should be noted that the CECOM Contracting Office, the Program Office and DCMA did exercise due diligence in discussing the assignment of additional administrative (business and technical) functions to DCMA. After thorough review and discussion, it was concluded by those DoD personnel closest to the program and most experienced in the administration of Other Transactions (the CECOM contracting team and the DCMA Syracuse Other Transactions Team) that augmenting the delegation with additional DCMA technical resources would clearly be duplicative. There were no real opportunities for DCMA to provide additional value added. The PM-Soldier Systems team is well staffed, well organized and thoroughly integrated with the Consortium team.
- Land Warrior's designation as ACAT ID will cause DCMA to revisit administrative delegation to other DCMA offices. This may or may not take the form of a formal Program Integrator sub delegation. For instance, a Quality Assurance Letter of Instruction (QALI) is currently being discussed with the PM to address the Army's quality assurance requirements.
- The audit team stated that DCMA: "...could not easily perform *agreement administration functions because none of the facilities were located near Syracuse.*" DCMA has delegated functions in the past (ex. portions of the Pre Award review for input), and will do so in the future as necessary.

e. Section D. Discussion within Section D indicates that the Program Manager did not implement risk management. Specifically, page 19, first full paragraph, 1st sentence states, “...*risk management plan was not implemented because the program manager did not give early and sustained emphasis to risk management.*” The Program Manager developed a Risk Management Plan, identified risk areas and conducted monthly reviews with the program team members (government and Consortium). These reviews included presentation of risk areas, and the management/mitigation of those risk areas. The Program Manager had complete knowledge of all identified risk areas and their associated risk mitigation efforts.

2. A copy of this correspondence was provided to the DoD Inspector General. Point of contact is LTC Neal Justis, 703-604-7151.

Director, Operational Test and Evaluation Comments



OFFICE OF THE SECRETARY OF DEFENSE
1700 DEFENSE PENTAGON
WASHINGTON, DC 20301-1700

24 JUN 2002

MEMORANDUM FOR DEPUTY DIRECTOR, ACQUISITION MANAGEMENT
DIRECTORATE

SUBJECT: Audit Report on the Acquisition of the Army Land Warrior System
(Project No. D2001AE-0145)

Thank you for the opportunity to comment on the draft of the proposed audit report on the Acquisition of the Army Land Warrior System, dated 24 May 2002. The discussion outlined in recommendation A is within the scope of interest of this office. I have no issue or comments on recommendations B-D.

Recommendation A suggests that the TRADOC System Manager establish reliability requirements for "contractor-furnished equipment." I do not concur. That recommendation does not go far enough. The TRADOC System Manager should establish a total system reliability operational requirement that includes both contractor furnished and government furnished equipment integrated into an overall system.

I request recommendation A be expanded to include a total system reliability metric with an appropriate rationale for the threshold and objective values.

Additionally, Land Warrior was designated as a Major Defense Acquisition Program, Acquisition Category ID on 29 May 2002.

NR
Stephen C. Daly
Deputy Director



Defense Contract Management Agency Comments



DEFENSE CONTRACT MANAGEMENT AGENCY
6350 WALKER LANE, SUITE 300
ALEXANDRIA, VA 22310-3241

IN REPLY
REFER TO DCMA-PI

19 July, 2002

MEMORANDUM FOR DEPARTMENT OF DEFENSE, INSPECTOR GENERAL
ATTN: MARY L. UGONE, DEPUTY DIRECTOR
ACQUISITION MANAGEMENT DIRECTORATE

SUBJECT: Audit Report on the Acquisition of the Army Land Warrior System
(Project No. D2001AE-0145)

The following information is provided in response to your recommendations regarding the subject OIG Report, Recommendation C.1 and Recommendation C.2. Recommendation C.1: "We recommend that the Program Manager for the Land Warrior System and the Director, Defense Contract Management Agency revise Agreement Number DAAB07-01-9-N001, Delegation of Agreement Administration, June 15, 2001 to include all administration support areas required in DCMA Directive 1, "Program Integration," March 2001, once the Under Secretary of Defense for Acquisition, Technology & Logistics designates the Land Warrior Program as an acquisition Category I program or the program enters the production phase of the acquisition process."

This recommendation stems from Section C. of the DoD IG Draft, under the heading of Maximizing Use of Defense Contract Management Agency Resources. The ensuing discussion is wrapped around policy requirements for ACAT I or II programs (contracts) concerning the issue of DCMA assignment of Program Support Team/Program Integrators. Note: there is no discussion of the Land Warrior Program's actual circumstances, or need for additional program support.

Response: Concur - Now that the Land Warrior Program has been designated an ACAT I program, DCMA Syracuse is revisiting the administration delegation of June 2001, with the Program Office at Ft. Belvoir (PM-Soldier Systems). There may be additional support activities that DCMA might provide.

However, it should be noted that although this is now an ACAT I program, it is also an Other Transaction, developed as a unique business model – unlike a traditional ACAT I contract program. For example, there are no formal quality acceptance procedures for deliverables. This is a fixed price milestone arrangement, hence no cost reporting, no cost tracking, etc. Also, there are no progress payments. It simply does not fit the traditional ACAT I program

business model – typically a cost type EMD contract. One of the goals supporting the creation of this type of arrangement is a better/closer partnering of the DoD Program Office and the Consortium Team, with greater flexibility for both parties to execute and manage the development of new technology. Another goal is streamlining the development process, in part by keeping administrative activity to a minimum. In this case, the Program has a formal advisory committee to assess program progress, assist in risk management, etc., consisting of CECOM PM personnel and a representative of each member of the consortium.

Traditional Delegation of Administration Functions, per FAR Part 42, does not apply to Other Transactions. Delegation is solely at the discretion of the buying activity.

It should be noted that the CECOM Program Office and DCMA did exercise due diligence in discussing the assignment of additional administrative (business and technical) functions to DCMA. After thorough review and discussion, it was concluded by those DoD personnel closest to the program and most experienced in the administration of Other Transactions (the CECOM Program Team and the DCMA Syracuse Other Transactions Team) that augmenting the delegation with additional DCMA technical resources would clearly be duplicative. There were no real opportunities for DCMA to provide additional value added. The PM-Soldier Systems team is well staffed, well organized and thoroughly integrated with the Recipient team. Though the draft audit made reference to the point that the Program Manager “may not obtain timely and meaningful information,” it is the belief of the PM and DCMA that the Program Office is definitively receiving timely and meaningful program information.”

Recommendation C.2: “We recommend that the Director, Defense Contract Management Agency establish delegation agreements with other DCMA offices located near Consortium facilities to provide administration support....”

This recommendation also comes from the Section C discussion of Program Support Team/Program Integrator requirements for ACAT I and II programs and is a derivative of the previous recommendation.

Response: Concur - As a result of revisiting the administrative delegation there may be supporting activities that would require delegation to other DCMA offices cognizant of the other Land Warrior recipient members. This may or may not take the form of a formal Program Integrator sub-delegation. For instance, a Quality Assurance Letter of Instruction (QALI) is currently being discussed with the PM to address the Army’s quality assurance requirements.

Previously there has been no need for additional input from other DCMA offices, cognizant of the other members of the consortium. The current administration delegation from the PM does not include activities that warrant sub-delegation.

The audit team attributed the following statement to DCMA: "...(we) could not easily perform agreement administration functions because none of the facilities were located near Syracuse." This is a misinterpretation on the part of the audit team. The statement from DCMA was intended to mean that had DCMA been delegated additional technical program administration functions, we would not perform them ourselves from this location, because none of the consortium team members are located near Syracuse. But, we would in turn delegate the administrative functions to the appropriate DCMA office.

DCMA Syracuse did delegate portions of the Pre-Award review function to other DCMA offices for their input. And in the future, if delegated additional technical administrative functions, we concur that a delegation would be appropriate.

DCMA COMMENTS: Although DCMA can in many circumstances, by providing continuous risk assessment and risk mitigation, increase the likelihood that the Program Manager will succeed in executing acquisition programs, it must be recognized that Other Transactions for Prototypes are a different reality and must be viewed on a case by case basis. It would only make sense to expand DCMA administration support for the Land Warrior Program if a clear need was identified. To date, this has not been done – not by the DoD IG, the Army PM, nor DCMA. As we revisit the administration delegation with the PM we will focus on areas where DCMA might add value to this program.

DISPOSITION: Action complete.

If you have any questions, please contact my action officer, LTC Michael R. Mullen, (703) 428-1445.



ALAN K. BOOKER
Colonel, USAF
Director, Major Program Support
Program Support and Customer Relations

Team Members

The Acquisition Management Directorate, Office of the Assistant Inspector General for Auditing of the Department of Defense prepared this report. Personnel in the Office of the Inspector General of the Department of Defense who contributed to the report are listed below.

Mary L. Ugone
John E. Meling
Harold C. James
Patrick E. McHale
Shaun B. Jeffery
Bradford C. Green
Jaime A. Bobbio
Jacqueline N. Pugh